

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2566 – SB 2630

February 13, 2012

**SUMMARY OF AMENDMENT (012570):** Amends sections three and six of the original bill. Deletes language in the original bill authorizing parents to request early entry into kindergarten for their four-year olds. Authorizes early entry of four-year olds if the director of schools deems them sufficiently emotionally and academically mature based on evaluation and testing. Changes the effective date of the bill to October 1, 2012.

FISCAL IMPACT OF ORIGINAL BILL:

Net Decrease State Expenditures - \$48,077,400/One-Time/FY13-14

Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the  
exception of FY13-14

Net Decrease Local Expenditures - \$25,508,200/One-Time/FY13-14

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Net Decrease State Expenditures - \$48,077,400/One-Time/FY14-15

Increase Local Expenditures - \$5,400/FY12-13 and Subsequent Years with the  
exception of FY14-15

Net Decrease Local Expenditures - \$25,508,200/One-Time/FY14-15

Assumptions applied to amendment:

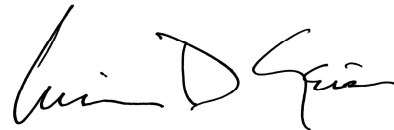
- Statutory class limits will remain in effect.
- Due to the change in effective date to October 1, 2012, in the 2013-14 school year, there will be a one-time reduction in the number of children enrolling in kindergarten whose birthdays fall in August or September.
- The number of students entering kindergarten in the fall of the 2012-2013 school year will be unchanged.

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- According to the Department of Education (DOE), 12,870 students will enter kindergarten a year later than under current law.
- The BEP will fund \$6,037 per student. Of this sum, the state will fund \$3,944, and the local government will fund \$2,093.
- Because the BEP generates funding based on prior year enrollment, the one-time reduction will not be realized until FY14-15.
- The exact number of students who will be found emotionally and academically mature and enter kindergarten early is unknown. This number will depend upon the number of tests and evaluations conducted by the LEA and the test results.
- The Department of Education estimates that each early entry screening will cost \$8 per child. If five students per LEA receive early entry into kindergarten beginning in FY13-14 and continuing in subsequent years, the annual number of students entering early will be 680 (5 x 136 LEAs). The annual increase in local expenditures will be \$5,440 (\$8 x 680).
- A one-time increase in BEP expenditures will result in FY14-15 due to more students entering kindergarten earlier. After the first year, empty slots created in subsequent years, based on prior year early entries, will be filled by new students entering early; however, there will not be an increase in BEP expenditures for these students since it is assumed here that the ADM slots will be replaced on a one-to-one basis.
- The net decrease in the number of students entering kindergarten a year later will be 12,190 (12,870 – 680).
- The one-time decrease in state expenditures in FY14-15 will be \$48,077,360 (12,190 students x \$3,944).
- The one-time net decrease in local expenditures in FY14-15 will be \$25,508,230 [(12,190 students x \$2,093) – \$5,440].
- The increase in local expenditures for student testing in FY13-14 and subsequent years will be \$5,440 with the exception of FY14-15 when the one-time BEP reduction in state and local expenditures will be effective.
- Since the overall number of slots available will not change, there will be no impact on pre-kindergarten funding. Pre-kindergarten is not funded through the BEP.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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